

Message Text

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SUBJECT: SECRETARY KISSINGER'S SPEECH BEFORE THE NATIONAL
PRESS CLUB, FEB. 3, 1975

FOLLOWING REPEAT USIA WIRELESS FILE ITEMS NR.

EUR 10 FEB. 3 -- USIA TAPE NR WA 5:

QTE

(TEXT) KISSINGER URGES INTERNATIONAL RESPONSE TO ENERGY PROBLEM

(7,000)

WASHINGTON, FEB. 3--FOLLOWING IS THE TEXT OF SECRETARY
OF STATE KISSINGER'S ADDRESS BEFORE THE NATIONAL PRESS CLUB
ON THE NECESSITY OF DECISION ON ENERGY:

(BEGIN TEXT)

LADIES AND GENTLEMEN:

I APPRECIATE THIS OPPORTUNITY TO SPEAK TO YOU ON THE QUES-
TION OF ENERGY.

THE SUBJECT IS TIMELY, FOR THIS WEEK MARKS AN IMPORTANT

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MOMENT IN BOTH OUR NATIONAL AND INTERNATIONAL RESPONSE TO

THE ENERGY CRISIS.

ON WEDNESDAY, THE GOVERNING BOARD OF THE INTERNATIONAL ENERGY AGENCY CONVENES IN PARIS FOR ITS MONTHLY MEETING. THIS ORGANIZATION, WHICH GREW OUT OF THE WASHINGTON ENERGY CONFERENCE, REPRESENTS ONE OF THE MAJOR SUCCESS STORIES OF COOPERATION AMONG THE INDUSTRIALIZED DEMOCRACIES IN THE PAST DECADE. IN RECENT MONTHS IT HAS BEGUN TO MOBILIZE AND COORDINATE THE EFFORTS OF THE INDUSTRIAL DEMOCRACIES IN ENERGY CONSERVATION, RESEARCH AND DEVELOPMENT OF NEW ENERGY SOURCES. THE IEA ALREADY HAS PUT IN PLACE MANY OF THE BUILDING BLOCKS OF A COORDINATED ENERGY POLICY. AT ITS FORTHCOMING MEETING, THE UNITED STATES WILL ADVANCE COMPREHENSIVE PROPOSALS FOR COLLECTIVE ACTION, WITH SPECIAL EMPHASIS ON THE DEVELOPMENT OF NEW ENERGY SOURCES AND THE PREPARATION OF A CONSUMER POSITION FOR THE FORTHCOMING DIALOGUE WITH THE PRODUCERS.

EQUALLY IMPORTANT, WE ARE NOW ENGAGED IN A VITAL NATIONAL DEBATE ON THE PURPOSES AND REQUIREMENTS OF OUR NATIONAL ENERGY PROGRAM. CRITICAL DECISIONS WILL SOON BE MADE BY THE CONGRESS--DECISIONS THAT WILL VITALLY AFFECT OTHER NATIONS AS WELL AS OURSELVES.

THE NATURE OF THE CHALLENGE

THE INTERNATIONAL AND NATIONAL DIMENSIONS OF THE ENERGY CRISIS ARE CRUCIALLY LINKED. WHAT HAPPENS WITH RESPECT TO INTERNATIONAL ENERGY POLICY WILL HAVE A FUNDAMENTAL EFFECT ON THE ECONOMIC HEALTH OF THIS NATION. AND THE INTERNATIONAL ECONOMIC AND ENERGY CRISIS CANNOT BE SOLVED WITHOUT PURPOSEFUL ACTION AND LEADERSHIP BY THE UNITED STATES. DOMESTIC AND INTERNATIONAL PROGRAMS ARE INEXTRICABLY LINKED.

THE ENERGY CRISIS BURST UPON OUR CONSCIOUSNESS BECAUSE OF SUDDEN, UNSUSPECTED EVENTS. BUT ITS ELEMENTS HAVE BEEN DEVELOPING GRADUALLY FOR THE BETTER PART OF TWO DECADES.

IN 1950, THE UNITED STATES WAS VIRTUALLY SELF-SUFFICIENT IN OIL. IN 1960, OUR RELIANCE ON FOREIGN OIL HAD GROWN TO 16 PERCENT OF OUR REQUIREMENTS. IN 1973, IT HAD REACHED 35 PERCENT. IF THIS TREND IS ALLOWED TO CONTINUE, THE 1980S WILL SEE US DEPENDENT ON IMPORTED OIL FOR FULLY HALF OF OUR NEEDS.

THIS SLOW BUT INEXORABLE MARCH TOWARD DEPENDENCY WAS SUDDENLY INTENSIFIED IN 1973 BY AN OIL EMBARGO AND PRICE INCREASES OF 400 PERCENT IN LESS THAN A SINGLE YEAR. THESE ACTIONS --LARGELY THE RESULT OF POLITICAL DECISIONS--CREATED AN UNCLASSIFIED

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IMMEDIATE ECONOMIC CRISIS, BOTH IN THIS COUNTRY AND AROUND THE WORLD. A REDUCTION OF ONLY 10 PERCENT OF THE IMPORTED OIL, AND LASTING LESS THAN HALF A YEAR, COST AMERICANS HALF A MILLION JOBS AND OVER ONE PERCENT OF NATIONAL OUTPUT; IT ADDED AT LEAST FIVE PERCENTAGE POINTS TO THE PRICE INDEX, CONTRIBUTING TO OUR WORST INFLATION SINCE WORLD WAR II; IT SET THE STAGE FOR A SERIOUS RECESSION; AND IT EXPANDED THE OIL INCOME OF THE OPEC NATIONS FROM 23,000 MILLION DOLLARS IN

1973 TO A CURRENT ANNUAL RATE OF 110,000 MILLION DOLLARS, THEREBY EFFECTING ONE OF THE GREATEST AND MOST SUDDEN TRANSFERS OF WEALTH IN HISTORY.

THE IMPACT ON OTHER COUNTRIES MUCH MORE DEPENDENT ON OIL IMPORTS HAS BEEN CORRESPONDINGLY GREATER. IN ALL INDUSTRIAL COUNTRIES ECONOMIC AND POLITICAL DIFFICULTIES THAT HAD ALREADY REACHED THE MARGIN OF THE ABILITY OF GOVERNMENTS TO MANAGE HAVE THREATENED TO GET OUT OF CONTROL.

HAVE WE LEARNED NOTHING FROM THE PAST YEAR? IF WE PERMIT OUR OIL CONSUMPTION TO GROW WITHOUT RESTRAINT, THE VULNERABILITY OF OUR ECONOMY TO EXTERNAL DISRUPTIONS WILL BE GROSSLY MAGNIFIED. AND THIS VULNERABILITY WILL INCREASE WITH EVERY PASSING YEAR. UNLESS STRONG, CORRECTIVE STEPS ARE TAKEN, A FUTURE EMBARGO WOULD HAVE A DEVASTATING IMPACT ON AMERICAN JOBS AND PRODUCTION. MORE THAN 10 PERCENT OF NATIONAL EMPLOYMENT AND OUTPUT, AS WELL AS A CENTRAL ELEMENT OF THE PRICE STRUCTURE OF THE AMERICAN ECONOMY, WOULD BE SUBJECT TO EXTERNAL DECISIONS OVER WHICH OUR NATIONAL POLICY CAN HAVE LITTLE INFLUENCE.

AS WE LEARNED GRIMLY IN THE 1920S AND 30S, PROFOUND POLITICAL CONSEQUENCES INEVITABLY FLOW FROM MASSIVE ECONOMIC DISLOCATIONS. ECONOMIC DISTRESS FUELS SOCIAL AND POLITICAL TURMOIL; IT ERODES THE CONFIDENCE OF THE PEOPLE IN DEMOCRATIC GOVERNMENT AND THE CONFIDENCE OF NATIONS IN INTERNATIONAL HARMONY. IT IS FERTILE GROUND FOR CONFLICT, BOTH DOMESTIC AND INTERNATIONAL.

THE SITUATION IS NOT YET SO GRAVE. BUT IT THREATENS TO BECOME SO. THE ENTIRE INDUSTRIALIZED WORLD FACES AT THE SAME TIME A MAJOR CRISIS OF THE ECONOMY, OF THE BODY POLITIC AND OF THE MORAL FIBRE. WE AND OUR PARTNERS ARE BEING TESTED--NOT ONLY TO SHOW OUR TECHNICAL MASTERY OF THE PROBLEMS OF ENERGY, BUT EVEN MORE IMPORTANTLY TO SHOW IF WE CAN ACT WITH FORESIGHT TO REGAIN CONTROL OF OUR UNCLASSIFIED

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FUTURE.

FOR UNDERLYING ALL DIFFICULTIES, AND COMPOUNDING THEM, IS A CRISIS OF THE SPIRIT--THE DESPAIR OF MEN AND NATIONS THAT THEY HAVE LOST CONTROL OVER THEIR DESTINY. FORCES SEEM LOOSE BEYOND THE POWER OF GOVERNMENT AND SOCIETY TO MANAGE.

IN A SENSE WE IN AMERICA ARE FORTUNATE THAT POLITICAL DECISIONS BROUGHT THE ENERGY PROBLEM TO A HEAD BEFORE ECONOMIC TRENDS HAD MADE OUR VULNERABILITY IRREVERSIBLE. HAD WE CONTINUED TO DRIFT, WE WOULD EVENTUALLY HAVE FOUND OURSELVES SWEEPED UP BY FORCES MUCH MORE AWESOME THAN THOSE WE FACE TODAY.

AS IT IS, THE ENERGY CRISIS IS STILL SOLUBLE. OF ALL NATIONS, THE UNITED STATES IS MOST AFFECTED BY THE SUDDEN SHIFT FROM NEAR SELF-SUFFICIENCY TO SEVERE DEPENDENCE ON IMPORTED

ENERGY. BUT IT IS ALSO IN THE BEST POSITION TO MEET THE CHALLENGE. A MAJOR EFFORT NOW--OF CONSERVATIONS, OF TECHNOLOGICAL INNOVATION, OF INTERNATIONAL COLLABORATION--CAN SHAPE A DIFFERENT FUTURE FOR US AND FOR THE OTHER COUNTRIES OF THE WORLD. A DEMONSTRATION OF AMERICAN RESOLVE NOW WILL HAVE A DECISIVE EFFECT IN LEADING OTHER INDUSTRIAL NATIONS TO WORK TOGETHER TO REVERSE PRESENT TRENDS TOWARDS DEPENDENCY. TODAY'S APPARENTLY PERVASIVE CRISIS CAN IN RETROSPECT PROVE TO HAVE BEEN THE BEGINNING OF A NEW PERIOD OF CREATIVITY AND COOPERATION. ONE OF OUR HIGHEST NATIONAL PRIORITIES MUST BE TO REDUCE OUR VULNERABILITY TO SUPPLY INTERRUPTION AND PRICE MANIPULATION. BUT NO ONE COUNTRY CAN SOLVE THE PROBLEM ALONE. UNLESS WE POOL OUR RISKS AND FORTIFY THE INTERNATIONAL FINANCIAL SYSTEM, BALANCE OF PAYMENTS CRISES WILL LEAVE ALL ECONOMIES EXPOSED TO FINANCIAL DISRUPTION. UNLESS ALL CONSUMING NATIONS ACT IN PARALLEL TO REDUCE ENERGY CONSUMPTION THROUGH CONSERVATION AND TO DEVELOP NEW SOURCES OF SUPPLY, THE EFFORTS OF ANY ONE NATION WILL PROVE FUTILE; THE PRICE STRUCTURE OF OIL WILL NOT BE REFORMED; AND THE COLLECTIVE ECONOMIC BURDEN WILL GROW. AND UNLESS CONSUMERS CONCERT THEIR VIEWS, THE DIALOGUE WITH THE PRODUCERS WILL NOT PROVE FRUITFUL.

THE ACTIONS WHICH THE UNITED STATES TAKES NOW ARE CENTRAL TO ANY HOPE FOR A GLOBAL SOLUTION. THE VOLUME OF OUR CONSUMPTION, AND ITS POTENTIAL GROWTH, IS SO GREAT THAT A DETERMINED NATIONAL CONSERVATION PROGRAM IS ESSENTIAL.
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WITHOUT THE APPLICATION OF AMERICAN TECHNOLOGY AND AMERICAN ENTERPRISE, THE RAPID DEVELOPMENT OF SIGNIFICANT NEW SUPPLIES AND ALTERNATIVE SOURCES OF ENERGY WILL BE IMPOSSIBLE.

THERE IS NO ESCAPE. THE PRODUCERS MAY FIND IT IN THEIR INTEREST TO EASE TEMPORARILY OUR BURDENS. BUT THE PRICE WILL BE GREATER DEPENDENCE AND GREATER AGONY A FEW YEARS FROM NOW. EITHER WE TACKLE OUR CHALLENGE IMMEDIATELY OR WE WILL CONFRONT IT AGAIN AND AGAIN IN INCREASINGLY UNFAVORABLE CIRCUMSTANCES IN THE YEARS TO COME. IF IT IS NOT DEALT WITH BY THIS ADMINISTRATION, AN EVEN WORSE CRISIS WILL BE FACED BY THE NEXT--AND WITH EVEN MORE ANGUISHING CHOICES.

HISTORY HAS GIVEN US A GREAT OPPORTUNITY DISGUISED AS A CRISIS. A DETERMINED ENERGY POLICY WILL NOT ONLY EASE IMMEDIATE DIFFICULTIES, IT WILL HELP RESTORE THE INTERNATIONAL ECONOMY, THE VITALITY OF ALL THE MAJOR INDUSTRIAL DEMOCRACIES, AND THE HOPES OF MANKIND FOR A JUST AND PROSPEROUS WORLD.

THE STRATEGY OF ENERGY COOPERATION

WE AND OUR PARTNERS IN THE INTERNATIONAL ENERGY AGENCY HAVE BEEN, FOR A YEAR, PURSUING STRATEGY IN THREE PHASES:

--THE FIRST PHASE IS TO PROTECT AGAINST EMERGENCIES.
WE MUST BE PREPARED TO DETER THE USE OF OIL OR PETRODOLLARS

AS POLITICAL WEAPONS AND, IF THAT FAILS, WE MUST HAVE PUT OURSELVES IN THE BEST POSSIBLE DEFENSIVE POSITION. TO DO THIS, WE HAVE ESTABLISHED EMERGENCY SHARING PROGRAMS TO COPE WITH NEW EMBARGOES, AND CREATED NEW MECHANISMS TO PROTECT OUR FINANCIAL INSTITUTIONS AGAINST DISRUPTION. THIS STAGE OF OUR COMMON STRATEGY IS WELL ON THE WAY TO ACCOMPLISHMENT.

--THE SECOND PHASE IS TO TRANSFORM THE MARKET CONDITIONS FOR OPEC OIL. IF WE ACT DECISIVELY TO REDUCE OUR CONSUMPTION OF IMPORTED OIL AND DEVELOP ALTERNATIVE SOURCES, PRESSURE ON PRICES WILL INCREASE. MEASURES TO ACHIEVE THIS OBJECTIVE ARE NOW BEFORE THE INTERNATIONAL ENERGY AGENCY OR NATIONAL PARLIAMENTS; WE EXPECT TO REACH IMPORTANT AGREEMENTS ON THEM BEFORE THE END OF MARCH.

--ONCE THE CONSUMER NATIONS HAVE TAKEN THESE ESSENTIAL STEPS TO REDUCE THEIR VULNERABILITY, WE WILL MOVE TO THE UNCLASSIFIED

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THIRD STAGE OF OUR STRATEGY--TO MEET WITH THE PRODUCERS TO DISCUSS AN EQUITABLE PRICE, MARKET STRUCTURE AND LONG-TERM ECONOMIC RELATIONSHIP. ASSUMING THE BUILDING BLOCKS OF CONSUMER SOLIDARITY ARE IN PLACE, WE LOOK TOWARD A PREPARATORY MEETING FOR A PRODUCER-CONSUMER CONFERENCE BEFORE THE END OF MARCH.

OUR ACTIONS IN ALL THESE AREAS ARE INTERRELATED. IT IS NOT POSSIBLE TO PICK AND CHOOSE; SINCE THEY ARE MUTUALLY REINFORCING, THEY ARE ESSENTIAL TO EACH OTHER. NO EMERGENCY PROGRAM CAN AVAIL IF EACH YEAR THE COLLECTIVE DEPENDENCE ON OPEC OIL INCREASES. NEW SOURCES OF ENERGY, HOWEVER VAST THE INVESTMENT PROGRAM, WILL BE INEFFECTIVE UNLESS STRICT MEASURES ARE TAKEN TO HALT THE RUNAWAY, WASTEFUL GROWTH IN CONSUMPTION. UNLESS THE INDUSTRIAL NATIONS DEMONSTRATE THE POLITICAL WILL TO ACT EFFECTIVELY IN ALL AREAS, THE PRODUCERS WILL BE FURTHER TEMPTED TO TAKE ADVANTAGE OF OUR VULNERABILITY.

IN RECENT MONTHS WE AND OUR PARTNERS HAVE TAKEN IMPORTANT STEPS TO IMPLEMENT OUR OVERALL STRATEGY. TWO SAFETY NETS AGAINST EMERGENCIES HAVE BEEN PUT IN PLACE. IN NOVEMBER, THE IEA ESTABLISHED AN UNPRECEDENTED PLAN FOR MUTUAL ASSISTANCE IN THE EVENT OF A NEW EMBARGO. EACH PARTICIPATING NATION IS COMMITTED TO BUILD AN EMERGENCY STOCK OF OIL. IN CASE OF EMBARGO, EACH NATION WILL CUT ITS CONSUMPTION BY THE SAME PERCENTAGE, AND AVAILABLE OIL WILL BE SHARED. AN EMBARGO AGAINST ONE WILL BECOME AN EMBARGO AGAINST ALL.

AND IN JANUARY, THE MAJOR INDUSTRIAL NATIONS DECIDED TO CREATE A 25,000 MILLION DOLLAR SOLIDARITY FUND FOR MUTUAL

SUPPORT IN FINANCIAL CRISES--LESS THAN TWO MONTHS AFTER IT WAS FIRST PROPOSED BY THE UNITED STATES. THIS MUTUAL INSURANCE FUND WILL FURNISH LOANS AND GUARANTEES TO THOSE HARDEST HIT BY PAYMENTS DEFICITS, THUS SAFEGUARDING THE INTERNATIONAL ECONOMY AGAINST SHIFTS, WITHDRAWALS OR CUTOFFS OF FUNDS BY THE PRODUCERS.

THE NEXT STEPS SHOULD BE TO ACCELERATE OUR EFFORTS IN THE CONSERVATION AND DEVELOPMENT OF NEW ENERGY SOURCES. ACTION IN THESE AREAS, TAKEN COLLECTIVELY, WILL EXERT POWERFUL PRESSURES ON THE INFLATED PRICE. NO CARTEL IS SO INSULATED FROM ECONOMIC CONDITIONS THAT ITS PRICE STRUCTURE IS INVULNERABLE TO A TRANSFORMATION OF THE MARKET.

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BECAUSE OF THE REDUCED CONSUMPTION IN THE PAST YEAR, OPEC HAS ALREADY SHUT DOWN A FOURTH OF ITS CAPACITY, EQUALING NINE MILLION BARRELS A DAY, IN ORDER TO KEEP THE PRICE CONSTANT. NEW OIL EXPLORATION, ACCELERATED BY THE FIVEFOLD-HIGHER PRICE, IS CONSTANTLY DISCOVERING VAST NEW RESERVES OUTSIDE OF OPEC. THE 10,000 MILLION DOLLARS IN NEW ENERGY RESEARCH IN THE US--ON THE SCALE OF THE MANHATTEN PROJECT AND THE MOON-LANDING PROGRAM--IS CERTAIN TO PRODUCE NEW BREAKTHROUGHS SOONER OR LATER.

AS THE INDUSTRIALIZED NATIONS REDUCE CONSUMPTION AND INCREASE THEIR SUPPLY, IT WILL BECOME INCREASINGLY DIFFICULT FOR OPEC TO ALLOCATE THE FURTHER PRODUCTION CUTS THAT WILL BE REQUIRED AMONG ITS MEMBERS. EVEN NOW, SOME OPEC MEMBERS ARE SHAVING PRICES TO KEEP UP THEIR REVENUE AND THEIR SHARE OF THE MARKET. INDEED, IT IS NOT TOO SOON IN THIS DECADE OF ENERGY SHORTAGES TO PLAN FOR THE POSSIBILITY OF ENERGY SURPLUSES IN THE 1980S.

THE STRATEGY WE HAVE BEEN PURSUING WITH OUR PARTNERS SINCE THE WASHINGTON ENERGY CONFERENCE HAS LINKED OUR DOMESTIC AND INTERNATIONAL ENERGY POLICIES INTO A COHERENT WHOLE. WE HAVE MADE REMARKABLE PROGRESS, BUT MUCH REMAINS TO BE DONE. THE QUESTION NOW IS WHETHER THE INDUSTRIALIZED COUNTRIES HAVE THE WILL TO SUSTAIN AND REINFORCE THESE PROMISING INITIATIVES. CONSERVATION AND THE DEVELOPMENT OF NEW SOURCES OF ENERGY ARE THE NEXT PRIORITIES ON OUR COMMON AGENDA.

CONSERVATION

UNCONSTRAINED CONSUMPTION OF CHEAP OIL IS THE PRINCIPAL CAUSE OF THE PRESENT VULNERABILITY OF THE INDUSTRIAL COUNTRIES. NETHER THE U.S. NOR OTHER CONSUMERS CAN POSSIBLY REDUCE THEIR DEPENDENCE ON IMPORTS UNTIL THEY REVERSE THE NORMAL--WHICH IS TO SAY WASTEFUL--GROWTH OF CONSUMPTION.

THERE IS SIMPLY NO SUBSTITUTE FOR CONSERVATION. ALTER-NATIVE ENERGY SUPPLIES WILL NOT BE AVAILABLE FOR FIVE OR TEN YEARS. IN THE NEXT FEW YEARS CONSERVATION, AND ONLY CONSERVATION, WILL ENABLE US BOTH TO ABSORB THE PRESENT BURDEN OF

HIGH ENERGY COSTS AND TO BEGIN TO RESTORE THE BALANCE OF CONSUMER/PRODUCER RELATIONS.

ONLY A DETERMINED PROGRAM OF CONSERVATION CAN DEMONSTRATE THAT WE AND OUR PARTNERS HAVE THE WILL TO RESIST PRESSURES. IF THE INDUSTRIALIZED NATIONS ARE UNWILLING TO MAKE THE UNCLASSIFIED

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RELATIVELY MINOR SACRIFICES INVOLVED IN CONSERVATION, THEN THE CREDIBILITY OF ALL OUR OTHER EFFORTS AND DEFENSIVE MEASURES IS CALLED INTO THE QUESTION.

SOME SAY WE FACE A CHOICE BETWEEN CONSERVATION AND RESTORING ECONOMIC GROWTH. THE CONTRARY IS TRUE. ONLY BY OVERCOMING EXORBITANT INTERNATIONAL ENERGY COSTS CAN WE ACHIEVE RELIABLE LONG-TERM GROWTH. IF WE DOOM OURSELVES TO 50 PERCENT DEPENDENCE ON IMPORTED ENERGY, WITH THE SUPPLY AND PRICE OF A CENTRAL ELEMENT OF OUR ECONOMY SUBJECT TO EXTERNAL MANIPULATION, THERE IS NO WAY WE CAN BE SURE OF RESTORING AND SUSTAINING OUR JOBS AND GROWTH. THESE DECISIONS WILL DEPEND ON FOREIGN COUNTRIES FOR WHOM OUR PROSPERITY IS NOT NECESSARILY A COMPELLING OBJECTIVE.

TO BE SURE, CONSERVATION--BY ANY METHOD--WILL HAVE AN ECONOMIC COST. THE RESTRUCTURING WHICH IT ENTAILS AWAY FROM PRODUCTION AND CONSUMPTION OF ENERGY-INTENSIVE GOODS INCURS SHORTRUN DISLOCATIONS. AT A TIME OF RECESSION, THIS MUST CONCERN US. YET THESE COSTS ARE SMALL COMPARED TO WHAT WILL BE EXACTED FROM US IF WE DO NOT ACT. WITHOUT CONSERVATION, WE WILL PERPETUATE THE VULNERABILITY OF OUR ECONOMY AND OUR NATIONAL POLICY. AND WE WILL PERPETUATE AS WELL THE EXCESSIVE INTERNATIONAL ENERGY PRICES WHICH ARE AT THE HEART OF THE PROBLEM.

AT PRESENT, THE UNITED STATES--IN THE MIDST OF RECESSION--IS IMPORTING 6.7 MILLION BARRELS OF OIL A DAY. WHEN OUR ECONOMY RETURNS TO FULL CAPACITY THAT FIGURE WILL RISE; BY 1977 IT WILL BE 8 OR 9 MILLION BARRELS A DAY IN THE ABSENCE OF CONSERVATION. IMPORTS WILL CONTINUE TO GROW THEREAFTER. EVEN WITH NEW PRODUCTION IN ALASKA AND THE OUTER CONTINENTAL SHELF, THIS IMPORT GAP WILL REMAIN IF WE DO NOT REDUCE CONSUMPTION SIGNIFICANTLY AND RAPIDLY.

WITH THESE PROSPECTS IN MIND, PRESIDENT FORD HAS SET THE GOAL OF SAVING A MILLION BARRELS A DAY OF IMPORTS BY THE END OF THIS YEAR AND TWO MILLION BY 1977. THAT AMOUNTS TO THE INCREASE IN DEPENDENCE THAT WOULD OCCUR AS THE ECONOMY EXPANDS AGAIN, IN THE ABSENCE OF A CONSERVATION PROGRAM.

OUR CONSERVATION EFFORTS WILL BE POWERFULLY REINFORCED BY THE ACTIONS OF OUR IEA PARTNERS AND OF OTHER INTERESTED COUNTRIES SUCH AS FRANCE. THEIR COLLECTIVE OIL CONSUMPTION EQUALS OURS, AND THEY ARE PREPARED TO JOIN WITH US IN A CONCERTED PROGRAM OF CONSERVATION; INDEED SOME OF THEM HAVE ALREADY UNCLASSIFIED

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INSTITUTED THEIR OWN CONSERVATION MEASURES. BUT ANY ONE COUNTRY'S EFFORTS WILL BE NULLIFIED UNLESS THEY ARE COMPLEMENTED BY OTHER CONSUMERS. THIS IS WHY THE UNITED STATES HAS PROPOSED TO ITS IEA PARTNERS THAT THEY MATCH OUR RESPECTIVE CONSERVATION TARGETS. TOGETHER WE CAN SAVE TWO MILLION BARRELS A DAY THIS YEAR; AND AT LEAST FOUR MILLION BARRELS IN 1977.

IF THESE GOALS ARE REACHED, UNDER CURRENT ECONOMIC CONDITIONS OPEC WILL HAVE TO REDUCE ITS PRODUCTION FURTHER; EVEN WHEN FULL EMPLOYMENT RETURNS, OPEC WILL HAVE SURPLUS CAPACITY. MORE REDUCTIONS WILL BE HARD TO DISTRIBUTE ON TOP OF THE EXISTING CUTBACKS OF 9 MILLION BARRELS A DAY. AS A RESULT, PRESSURES TO INCREASE PRODUCTION OR TO LOWER PRICES WILL BUILD UP AS AMBITIOUS DEFENSE AND DEVELOPMENT PROGRAMS GET UNDER WAY. BY 1977 SOME OIL PRODUCERS WILL HAVE A PAYMENTS DEFICIT; COMPETITION BETWEEN THEM FOR THE AVAILABLE MARKET WILL INTENSIFY. THE CARTEL'S POWER TO IMPOSE AN EMBARGO AND TO USE PRICE AS A WEAPON WILL BE GREATLY DIMINISHED.

BUT IF AMERICA--THE LEAST VULNERABLE AND MOST PROFLIGATE CONSUMER--WILL NOT ACT, NEITHER WILL ANYONE ELSE. JUST AS OUR ACTION WILL HAVE A MULTIPLIER EFFECT, SO WILL OUR INACTION STIFLE THE EFFORTS OF OTHERS. INSTEAD OF REDUCING OUR COLLECTIVE IMPORTS, WE WILL HAVE INCREASED THEM BY TWO TO FOUR MILLION BARRELS A DAY. OPEC'S ABILITY TO RAISE PRICES, WHICH IS NOW IN QUESTION, WILL BE RESTORED. IN EXCHANGE FOR A BRIEF RESPITE OF A YEAR OR TWO, WE WILL HAVE INCREASED THE INDUSTRIALIZED WORLD'S VULNERABILITY TO A NEW AND CRIPPLING BLOW FROM THE PRODUCERS. AND WHEN THAT VULNERABILITY IS EXPOSED TO PUBLIC VIEW THROUGH A NEW EMBARGO OR FURTHER PRICE RISES, THE AMERICAN PEOPLE WILL BE ENTITLED TO ASK WHY THEIR LEADERS FAILED TO TAKE THE MEASURES THEY COULD HAVE WHEN THEY SHOULD HAVE.

ONE EMBARGO--AND ONE ECONOMIC CRISIS--SHOULD BE ENOUGH TO UNDERLINE THE IMPLICATIONS OF DEPENDENCY.

THE IMPORTANCE OF NEW SUPPLIES

CONSERVATION MEASURES ALONE, CRUCIAL AS THEY ARE, CANNOT PERMANENTLY REDUCE OUR DEPENDENCE ON IMPORTED OIL. TO ELIMINATE DEPENDENCE OVER THE LONG TERM WE MUST ACCELERATE THE DEVELOPMENT OF ALTERNATIVE SOURCES OF ENERGY.

THIS WILL INVOLVE A MASSIVE AND COMPLEX TASK. BUT FOR

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THE COUNTRY WHICH BROKE THE SECRET OF FISSION IN FIVE YEARS AND LANDED MEN ON THE MOON IN EIGHT YEARS, THE CHALLENGE SHOULD BE EXCITING. THE ADMINISTRATION IS PREPARED TO

INVEST IN THIS ENTERPRISE ON A SCALE COMMENSURATE WITH THOSE PREVIOUS PIONEERING EFFORTS; WE ARE READY AS WELL TO SHARE THE RESULTS WITH OUR IEA PARTNERS ON A EQUITABLE BASIS.

MANY OF THE INDUSTRIALIZED COUNTRIES ARE BLESSED WITH MAJOR ENERGY RESERVES WHICH HAVE NOT YET BEEN DEVELOPED--NORTH SEA OIL, GERMAN COAL, COAL AND OIL DEPOSITS IN THE UNITED STATES AND NUCLEAR POWER IN ALL COUNTRIES. WE HAVE THE TECHNICAL SKILL AND RESOURCES TO CREATE SYNTHETIC FUELS FROM SHALE OIL, TARSANDS, COAL GASIFICATION AND LIQUEFACTION. AND MUCH WORK HAS ALREADY BEEN DONE ON SUCH ADVANCED ENERGY SOURCES AS BREEDER REACTORS, FUSION AND SOLAR POWER.

THE CUMULATIVE EFFORT WILL OF NECESSITY BE GIGANTIC. THE UNITED STATES ALONE SHALL SEEK TO GENERATE CAPITAL INVESTMENTS IN ENERGY OF 500,000 MILLION DOLLARS OVER THE NEXT TEN YEARS. THE FEDERAL GOVERNMENT WILL BY ITSELF INVEST 10,000 MILLION DOLLARS IN RESEARCH INTO ALTERNATIVE ENERGY SOURCES OVER THE NEXT FIVE YEARS, A FIGURE LIKELY TO BE DOUBLED WHEN PRIVATE INVESTMENT IN RESEARCH IS INCLUDED.

BUT IF THIS EFFORT IS TO SUCCEED, WE MUST ACT NOW TO DEAL WITH TWO MAJOR PROBLEMS--THE EXPENSE OF NEW ENERGY SOURCES AND THE VARYING CAPACITIES OF THE INDUSTRIALIZED COUNTRIES.

NEW ENERGY SOURCES WILL COST CONSIDERABLY MORE THAN WE PAID FOR ENERGY IN 1973 AND CAN NEVER COMPETE WITH THE PRODUCTION COSTS OF MIDDLE EASTERN OIL.

THIS DISPARITY IN COST POSES A DILEMMA. IF THE INDUSTRIAL COUNTRIES SUCCEED IN DEVELOPING ALTERNATIVE SOURCES ON A LARGE SCALE, THE DEMAND FOR OPEC OIL WILL FALL, AND INTERNATIONAL PRICES MAY BE SHARPLY REDUCED. INEXPENSIVE IMPORTED OIL COULD THEN JEOPARDIZE THE INVESTMENT MADE IN THE ALTERNATIVE SOURCES; THE LOWER OIL PRICES WOULD ALSO RESTIMULATE DEMAND, STARTING AGAIN THE CYCLE OF RISING IMPORTS, INCREASED DEPENDENCE AND VULNERABILITY.

THUS PARADOXICALLY, IN ORDER TO PROTECT THE MAJOR INVESTMENTS IN THE INDUSTRIALIZED COUNTRIES THAT ARE NEEDED TO BRING THE INTERNATIONAL OIL PRICES DOWN, WE MUST ENSURE THAT THE PRICE FOR OIL ON THE DOMESTIC MARKET DOES NOT FALL BELOW A CERTAIN LEVEL.

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THE UNITED STATES WILL THEREFORE MAKE THE FOLLOWING PROPOSAL TO THE INTERNATIONAL ENERGY AGENCY THIS WEDNESDAY:

IN ORDER TO BRING ABOUT ADEQUATE INVESTMENT IN THE DEVELOPMENT OF CONVENTIONAL NUCLEAR AND FOSSIL ENERGY SOURCES, THE MAJOR OIL IMPORTING NATIONS SHOULD AGREE THAT THEY WILL NOT ALLOW IMPORTED OIL TO BE SOLD DOMESTICALLY AT PRICES WHICH WOULD MAKE THOSE NEW SOURCES NON-COMPETITIVE.

THIS OBJECTIVE COULD BE ACHIEVED IN EITHER OF TWO WAYS: THE CONSUMER NATIONS COULD AGREE TO ESTABLISH A COMMON FLOOR PRICE FOR IMPORTS, TO BE IMPLEMENTED BY EACH

COUNTRY THROUGH METHODS OF ITS OWN CHOOSING SUCH AS IMPORT TARIFFS, VARIABLE LEVIES, OR QUOTAS. EACH COUNTRY WOULD THUS BE FREE TO OBTAIN BALANCE OF PAYMENTS AND TAX BENEFITS, WITHOUT RESTIMULATING CONSUMPTION, IF THE INTERNATIONAL PRICE FALLS BELOW AGREED LEVELS. ALTERNATIVELY, IEA NATIONS COULD ESTABLISH A COMMON IEA TARIFF ON OIL IMPORTS. SUCH A TARIFF COULD BE SET AT MODERATE LEVELS AND PHASED IN GRADUALLY AS THE NEED ARISES.

PRESIDENT FORD IS SEEKING LEGISLATION REQUIRING THE EXECUTIVE BRANCH TO USE A FLOOR PRICE OR OTHER APPROPRIATE MEASURES TO ACHIEVE PRICE LEVELS NECESSARY FOR OUR NATIONAL SELF-SUFFICIENCY GOALS.

INTENSIVE TECHNICAL STUDY WOULD BE NEEDED TO DETERMINE THE APPROPRIATE LEVEL AT WHICH PRICES SHOULD BE PROTECTED. WE EXPECT THAT THEY WILL BE CONSIDERABLY BELOW THE CURRENT WORLD OIL PRICES. THEY MUST, HOWEVER, BE HIGH ENOUGH TO ENCOURAGE THE LONG-RANGE DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES.

THESE PROTECTED PRICES WOULD IN TURN BE A POINT OF REFERENCE FOR AN EVENTUAL CONSUMER-PRODUCER AGREEMENT. TO THE EXTENT THAT OPEC'S CURRENT HIGH PRICES ARE CAUSED BY FEAR OF PRECIPITATE LATER DECLINES, THE CONSUMING COUNTRIES, IN RETURN FOR AN ASSURED SUPPLY, SHOULD BE PREPARED TO OFFER PRODUCERS AN ASSURED PRICE FOR SOME DEFINITE PERIOD SO LONG AS THIS PRICE IS SUBSTANTIALLY LOWER THAN THE CURRENT PRICE.

IN SHORT, THE MASSIVE DEVELOPMENT OF ALTERNATIVE SOURCES BY THE INDUSTRIAL COUNTRIES WILL CONFRONT OPEC WITH A CHOICE: THEY CAN ACCEPT A SIGNIFICANT PRICE REDUCTION NOW IN RETURN FOR STABILITY OVER A LONGER PERIOD; OR THEY CAN RUN THE RISK OF A DRAMATIC BREAK IN PRICES WHEN THE PROGRAM OF ALTERNATIVE SOURCES BEGINS TO PAY OFF. THE LONGER OPEC WAITS, THE STRONGER OUR BARGAINING POSITION BECOMES.

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THE SECOND PROBLEM IS THAT THE CAPACITIES OF THE INDUSTRIALIZED COUNTRIES TO DEVELOP NEW ENERGY SOURCES VARY WIDELY. SOME HAVE RICH UNTAPPED DEPOSITS OF FOSSIL FUELS. SOME HAVE INDUSTRIAL SKILLS AND ADVANCED TECHNOLOGY. SOME HAVE CAPITAL. FEW HAVE ALL THREE.

EACH OF THESE ELEMENTS WILL BE IN GREAT DEMAND, AND WAYS MUST BE FOUND TO POOL THEM EFFECTIVELY. THE CONSUMERS, THEREFORE, HAVE AN INTEREST IN PARTICIPATING IN EACH OTHER'S ENERGY DEVELOPMENT PROGRAMS.

THEREFORE, THE UNITED STATES WILL PROPOSE TO THE IEA THIS WEDNESDAY THE CREATION OF A SYNTHETIC FUELS CONSORTIUM WITHIN IEA. SUCH A BODY WOULD ENABLE COUNTRIES WILLING TO PROVIDE TECHNOLOGY AND CAPITAL TO PARTICIPATE IN EACH OTHER'S SYNTHETIC ENERGY PROJECTS. THE UNITED STATES IS COMMITTED TO DEVELOP A NATIONAL SYNETHETIC FUEL CAPACITY OF ONE MILLION BARRELS A DAY BY 1985; OTHER COUNTRIES WILL ESTABLISH THEIR OWN PROGRAMS. THESE PROGRAMS SHOULD BE COORDINATED, AND IEA

MEMBERS SHOULD HAVE AN OPPORTUNITY TO SHARE IN THE RESULTS BY PARTICIPATING IN THE INVESTMENT. QUALIFYING PARTICIPANTS WOULD HAVE ACCESS TO THE PRODUCTION OF THE SYNTHETICS PROGRAM IN PROPORTION TO THEIR INVESTMENT.

IN ADDITION, THE UNITED STATES WILL PROPOSE THE CREATION OF AN ENERGY RESEARCH AND DEVELOPMENT CONSORTIUM WITHIN IEA. ITS PRIMARY TASK WILL BE TO ENCOURAGE, COORDINATE AND POOL LARGE SCALE NATIONAL RESEARCH EFFORTS IN FIELDS--LIKE FUSION AND SOLAR POWER--WHERE THE COSTS IN CAPITAL EQUIPMENT AND SKILLED MANPOWER ARE VERY GREAT, THE LEAD TIMES VERY LONG, BUT THE ULTIMATE PAYOFF IN LOW-COST ENERGY POTENTIALLY ENORMOUS.

THE CONSORTIUM ALSO WOULD INTENSIFY THE COMPREHENSIVE PROGRAM OF INFORMATION EXCHANGE WHICH--WITH RESPECT TO COAL, NUCLEAR TECHNOLOGY, SOLAR ENERGY, AND FUSION--HAS ALREADY BEGUN WITHIN THE IEA. WE ARE PREPARED TO EARMARK A SUBSTANTIAL PROPORTION OF OUR OWN RESEARCH AND DEVELOPMENT RESOURCES FOR COOPERATIVE EFFORTS WITH OTHER IEA COUNTRIES WHICH ARE WILLING TO CONTRIBUTE. POOLING THE INTELLECTUAL EFFORT OF THE GREAT INDUSTRIAL DEMOCRACIES IS BOUND TO PRODUCE DRAMATIC RESULTS.

WHEN ALL THESE MEASURES ARE IMPLEMENTED, WHAT STARTED AS CRISIS WILL HAVE BEEN TRANSFORMED INTO OPPORTUNITY; THE NEAR UNCLASSIFIED

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PANIC OF A YEAR AGO WILL HAVE BEEN TRANSFORMED INTO HOPE; VULNERABILITY WILL HAVE BEEN TRANSFORMED INTO STRENGTH.

THE MUTUAL INTERESTS OF CONSUMERS AND PRODUCERS CONSUMER SOLIDARITY IS NOT AN END IN ITSELF. IN AN INTERDEPENDENT WORLD, OUR HOPES FOR PROSPERITY AND STABILITY REST ULTIMATELY ON A COOPERATIVE LONG-TERM RELATIONSHIP BETWEEN CONSUMERS AND PRODUCERS.

THIS HAS ALWAYS BEEN OUR OBJECTIVE. IT IS PRECISELY BECAUSE WE WISH THAT DIALOGUE TO BE SUBSTANTIVE AND CONSTRUCTIVE THAT WE HAVE INSISTED THAT CONSUMERS FIRST PUT THEIR OWN HOUSE IN ORDER.

COLLECTIVE ACTIONS TO RESTORE BALANCE TO THE INTERNATIONAL ECONOMIC STRUCTURE, AND THE DEVELOPMENT IN ADVANCE OF COMMON CONSUMER VIEWS ON THE AGENDA, WILL CONTRIBUTE ENORMOUSLY TO THE LIKELIHOOD OF THE SUCCESS OF THE PROJECTED CONSUMER-PRODUCER DIALOGUE. WITHOUT THESE MEASURES, DISCUSSIONS WILL ONLY FIND US RESTATING OUR DIVISIONS, AND TEMPT SOME TO SEEK UNILATERAL ADVANTAGES AT THE EXPENSE OF THEIR PARTNERS. THE RESULT WILL BE CONFUSION, DEMORALIZATION AND INEQUITY, RATHER THAN A JUST RECONCILIATION BETWEEN THE TWO SIDES.

A CONCILIATORY SOLUTION WITH THE PRODUCERS IS IMPERATIVE FOR THERE IS NO RATIONAL ALTERNATIVE. THE DESTINIES OF ALL COUNTRIES ARE LINKED TO THE HEALTH OF THE WORLD ECONOMY.

THE PRODUCERS SEEK A BETTER LIFE FOR THEIR PEOPLES AND A FUTURE FREE FROM DEPENDENCE ON A SINGLE DEPLETING RESOURCE; THE INDUSTRIALIZED NATIONS SEEK TO PRESERVE THE HARD-EARNED ECONOMIC AND SOCIAL PROGRESS OF CENTURIES; THE POORER NATIONS SEEK DESPERATELY TO RESUME THEIR ADVANCE TOWARD A MORE HOPEFUL EXISTENCE. THE LEGITIMATE CLAIMS OF PRODUCERS AND CONSUMERS, DEVELOPED AND DEVELOPING COUNTRIES, CAN AND MUST BE RECONCILED IN A NEW EQUILIBRIUM OF INTEREST AND MUTUAL BENEFIT.

WE MUST BEGIN FROM THE PREMISE THAT WE CAN NEITHER RETURN TO PAST CONDITIONS NOR TOLERATE PRESENT ONES INDEFINITELY. BEFORE 1973, MARKET CONDITIONS WERE OFTEN UNFAIR TO THE PRODUCERS. TODAY THEY ARE UNBEARABLE FOR THE CONSUMERS; THEY THREATEN THE VERY FABRIC OF THE INTERNATIONAL ECONOMIC SYSTEM ON WHICH, IN THE LAST ANALYSIS, THE PRODUCERS ARE AS DEPENDENT FOR THEIR WELL-BEING AS THE CONSUMERS.

AS THE CONSUMERS APPROACH THEIR PREPARATORY MEETING WITH THE PRODUCERS, WHAT ARE THE BASIC PRINCIPLES THAT SHOULD GUIDE UNCLASSIFIED

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THEM?

THE UNITED STATES WILL PROPOSE THE FOLLOWING APPROACH TO ITS PARTNERS IN THE IEA:

FIRST, WE SHOULD EXPLORE COOPERATIVE CONSUMER-PRODUCER ACTION TO RECYCLE THE HUGE FINANCIAL SURPLUSES NOW ACCUMULATING. THE OIL PRODUCERS UNDERSTAND THAT THESE NEW ASSETS--WHICH ARE FAR GREATER THAN THEY CAN ABSORB--MAY REQUIRE NEW MANAGEMENT MECHANISMS. AT THE SAME TIME. THE INDUSTRIAL NATIONS KNOW THAT THE STABILITY OF THE GLOBAL ECONOMIC STRUCTURE REQUIRES THE CONSTRUCTIVE PARTICIPATION OF THE PRODUCERS.

SECOND, AND CLOSELY RELATED TO THIS, IS THE NEED TO EXAMINE OUR INTERNAL INVESTMENT POLICIES. THE OIL PRODUCERS NEED PRODUCTIVE OUTLETS FOR THEIR REVENUES; THE INDUSTRIAL DEMOCRACIES, WHILE THEY SHOULD WELCOME NEW INVESTMENT, WILL WANT TO RETAIN CONTROL OF ESSENTIAL SECTORS OF THEIR ECONOMIES. THESE NEEDS CAN BE RECONCILED THROUGH DISCUSSION AND AGREEMENT BETWEEN CONSUMERS AND PRODUCERS.

THIRD, WE MUST HELP THE PRODUCER NATIONS FIND PRODUCTIVE USE FOR THEIR WEALTH IN THEIR OWN DEVELOPMENT AND TO REDUCE THEIR DEPENDENCE ON A DEPLETING RESOURCE. NEW INDUSTRIES CAN BE ESTABLISHED, COMBINING THE TECHNOLOGY OF THE INDUSTRIALIZED WORLD WITH THE ENERGY AND CAPITAL OF THE PRODUCERS, FOR THEIR OWN BENEFIT AND THAT OF THE POORER NATIONS. THE CREATION OF FERTILIZER AND PETROCHEMICAL PLANTS IS AMONG THE MORE PROMISING POSSIBILITIES.

FOURTH, THE OIL PRODUCING COUNTRIES AND THE INDUSTRIAL CONSUMING COUNTRIES SHARE A RESPONSIBILITY TO EASE THE PLIGHT OF THE POOREST NATIONS, WHOSE ECONOMIES HAVE BEEN DEVASTATED BY OPEC'S PRICE INCREASES. TECHNOLOGY AND CAPITAL MUST BE COMBINED IN AN INTERNATIONAL EFFORT TO ASSIST THOSE MOST SERIOUSLY AFFECTED BY THE CURRENT ECONOMIC CRISIS.

FIFTH IS THE NEED TO PROVIDE CONSUMERS WITH A SECURE SOURCE OF SUPPLY. ANOTHER ATTEMPT TO USE OIL AS A WEAPON WOULD GRAVELY THREATEN THE ECONOMIES OF THE INDUSTRIAL NATIONS AND DESTROY THE POSSIBILITIES OF CONSUMER-PRODUCER COOPERATION. OIL-SHARING ARRANGEMENTS BY THE CONSUMERS WOULD BLUNT ITS IMPACT AT FIRST, BUT OVER TIME AN ATMOSPHERE OF CONFRONTATION WOULD BE INEVITABLE. THUS, IF THE PRODUCER-CONSUMER DIALOGUE IS TO BE MEANINGFUL, UNDERSTANDINGS ON LONG-TERM SUPPLIES ARE ESSENTIAL.

A CENTRAL ISSUE, OF COURSE, WILL BE PRICE. IT IS VITAL TO
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AGREE ON PRICES FOR THE LONG RUN WHICH WILL SATISFY THE NEEDS OF CONSUMERS AND PRODUCERS ALIKE. THE BALANCE OF PAYMENTS CRISIS OF THE CONSUMERS MUST BE EASED; AT THE SAME TIME, THE PRODUCERS ARE ENTITLED TO KNOW THAT THEY CAN COUNT ON A REASONABLE LEVEL OF INCOME OVER A PERIOD OF TIME.

THE UNITED STATES IS READY TO BEGIN CONSULTATIONS WITH THE OTHER MAJOR CONSUMING NATIONS ON THIS AGENDA. WE WILL BE PREPARED TO EXPAND ON THESE PROPOSALS, AND WILL WELCOME THE SUGGESTIONS OF OUR FRIENDS, SO THAT WE CAN FASHION TOGETHER A COMMON AND POSITIVE PROGRAM.

IN SUM, CONSUMERS AND PRODUCERS ARE AT A CROSSROADS. WE HAVE THE OPPORTUNITY TO FORGE NEW POLITICAL AND INSTITUTIONAL RELATIONSHIPS, OR WE CAN GO OUR SEPARATE WAYS, EACH PAYING THE PRICE FOR OUR INABILITY TO TAKE THE LONG VIEW. MUTUAL INTEREST SHOULD BRING US CLOSER TOGETHER; ONLY SELFISHNESS CAN KEEP US APART. THE AMERICAN APPROACH WILL BE CONCILIATORY.

THE IMPLICATIONS FOR THE STRUCTURE OF WORLD POLITICS ARE PROFOUND. IF WE ACT WITH STATESMANSHIP WE CAN SHAPE A NEW RELATIONSHIP BETWEEN CONSUMER AND PRODUCER, BETWEEN DEVELOPED AND DEVELOPING NATIONS, THAT WILL MARK THE LAST QUARTER OF THE TWENTIETH CENTURY AS THE BEGINNING OF THE FIRST TRULY GLOBAL, TRULY COOPERATIVE INTERNATIONAL COMMUNITY.

THE NEED FOR UNITED ACTION

THE UNITED STATES WILL SOON CELEBRATE THE 200TH ANNIVERSARY OF ITS INDEPENDENCE. IN THOSE TWO HUNDRED YEARS AMERICANS HAVE GLORIED IN FREEDOM, USED THE BLESSINGS OF NATURE PRODUCTIVELY, AND JEALOUSLY GUARDED OUR RIGHT TO DETERMINE OUR FATE. IN SO DOING, WE HAVE BECOME THE MOST POWERFUL NATION ON EARTH AND A SYMBOL OF HOPE TO THOSE WHO YEARN FOR PROGRESS AND VALUE JUSTICE. YET NOW WE SOMETIMES SEEM UNCERTAIN OF OUR FUTURE, DISTURBED BY OUR RECENT PAST, AND CONFUSED AS TO OUR PURPOSE.

BUT WE MUST PERSEVERE, FOR WE HAVE NO OTHER CHOICE. EITHER WE LEAD, OR NO ONE LEADS; EITHER WE SUCCEED, OR THE WORLD WILL PAY FOR OUR FAILURE

THE ENERGY CHALLENGE IS INTERNATIONAL; IT CAN ONLY BE MET BY THE COOPERATIVE ACTIONS OF ALL THE INDUSTRIAL DEMOCRACIES. WE ARE FAR ADVANCED WITH OUR PARTNERS TOWARD TURNING A

MAJOR CHALLENGE INTO BOLD CREATION AND DETERMINED RESPONSE.

BUT OUR HOPES FOR THE FUTURE REST HEAVILY ON THE DECISIONS
WE TAKE ON OUR OWN DOMESTIC ENERGY PROGRAM IN THE DAYS AND WEEKS
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AHEAD. OUR EXAMPLE--FOR GOOD OR ILL--WILL CHART
THE COURSE FOR MORE THAN OURSELVES ALONE. IF WE HESITATE OR
DELAY, SO WILL OUR PARTNERS. UNDOING MEASURES ALREADY
INSTITUTED, WITHOUT PUTTING AN ALTERNATIVE PROGRAM IN THEIR
PLACE, WILL HAVE IMPLICATIONS FAR TRANSCENDING THE
IMMEDIATE DEBATE.

THE UNITED STATES BEARS WORLD RESPONSIBILITY NOT SIMPLY FROM
A SENSE OF ALTRUISM OR ABSTRACT DEVOTION TO THE COMMON GOOD--
ALTHOUGH THOSE ARE ATTRIBUTES HARDLY DESERVING OF APOLOGY.
WE BEAR IT, AS WELL, BECAUSE WE RECOGNIZE THAT AMERICA'S JOBS
AND PROSPERITY--AND OUR HOPES FOR A BETTER FUTURE--DECISIVELY
DEPEND UPON A NATIONAL EFFORT TO FASHION A UNIFIED EFFORT
WITH OUR PARTNERS ABROAD. TOGETHER WE CAN RETAIN CONTROL OVER
OUR AFFAIRS AND BUILD A NEW INTERNATIONAL STRUCTURE
WITH THE PRODUCERS. APART WE ARE HOSTAGES TO FATE.

A DOMESTIC PROGRAM THAT WILL PROTECT OUR INDEPENDENCE;
A COOPERATIVE PROGRAM WITH OTHER CONSUMERS; AND ACCOMMODA-
TION WITH PRODUCERS--THESE ARE THE INDISPENSABLE AND
INSEPARABLE STEPS TOWARD A NEW EQUILIBRIUM OF INTEREST AND
JUSTICE. NO ONE STEP CAN SUCCEED IN THE ABSENCE OF THE OTHER
TWO.

IT IS THE GLORY OF OUR NATION THAT WHEN CHALLENGED,
WE HAVE ALWAYS STEPPED FORWARD WITH SPIRIT AND A WILL TO
DARE GREAT THINGS. IT IS NOW TIME TO DO SO AGAIN, AND IN
SO DOING TO REAFFIRM TO OURSELVES AND TO THE WORLD THAT
THIS GENERATION OF AMERICANS HAS THE INTEGRITY OF CHARACTER
TO CARRY ON THE NOBLE EXPERIMENT THAT BEGAN TWO CENTURIES
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